

COLORADO SECRETARY OF STATE

[8 CCR 1505-6]

RULES CONCERNING CAMPAIGN AND POLITICAL FINANCE

Preliminary Draft of Proposed Rules

***Disclaimer:** This draft is not yet final. The proposed changes to be considered at the public rule-making hearing may be different than the proposed changes in this draft. This draft is submitted to the Department of Regulatory Agencies for the purpose of complying with section 24-4-103 (2.5), C.R.S., which requires that a draft be submitted to the Department at the time that a notice of proposed rule-making is filed with the Secretary of State.*

A final copy of the proposed rule changes will be available to the public on September 27, 2006 and a copy will be posted on the Department of State's web site, in compliance with the requirement of section 24-4-103 (4) (a), C.R.S., that "Any proposed rule or revised proposed rule by an agency which is to be considered at the public hearing . . . shall be made available to any person at least five days prior to said hearing."

Rule 1.4 would be amended as follows:

- 1.14 A "member", as used in Article XXVIII, Sections 2(5)(b), 2(8)(b)(IV), and 2(14)(a) only, is a person who:
 - a. Pays membership dues OR VOLUNTARY CONTRIBUTIONS; and
 - b. At least annually gives the membership organization specific written permission to transfer dues OR VOLUNTARY CONTRIBUTIONS to a political committee or small donor committee.

Emergency Rule 3.8 would be adopted on a permanent basis as follows:

- 3.8 MULTI-PURPOSE ISSUE COMMITTEES – TERMINATION OF STATUS. IN THE CASE OF AN ISSUE COMMITTEE WHOSE PURPOSES ARE NOT LIMITED TO SUPPORTING OR OPPOSING BALLOT ISSUES OR BALLOT QUESTIONS (A "MULTI-PURPOSE ISSUE COMMITTEE"), SUCH MULTI-PURPOSE ISSUE COMMITTEE MAY TERMINATE ITS STATUS AS AN ISSUE COMMITTEE BY FILING A TERMINATION STATEMENT OF CONTRIBUTIONS AND EXPENDITURES WITH THE APPROPRIATE FILING OFFICER. IN ACCORDANCE WITH RULE 3.4, A TERMINATION STATEMENT MAY BE FILED AT ANY TIME IF THE FOLLOWING CONDITIONS ARE MET:
 - A. THE MULTI-PURPOSE ISSUE COMMITTEE NO LONGER HAS A MAJOR PURPOSE OF SUPPORTING OR OPPOSING ANY BALLOT ISSUE OR BALLOT QUESTION AND NO LONGER INTENDS TO ACCEPT OR MAKE CONTRIBUTIONS OR EXPENDITURES TO SUPPORT OR OPPOSE A BALLOT ISSUE OR BALLOT QUESTION; AND

- B. THE COMMITTEE'S SEPARATE ACCOUNT MAINTAINED IN ACCORDANCE WITH ARTICLE XXVIII, SECTION 3(9) HAS ACHIEVED A ZERO BALANCE BY HAVING NO CASH ON HAND AND NO OUTSTANDING DEBTS OR OBLIGATIONS.

New Rule 3.9 would be adopted as follows:

- 3.9 ANONYMOUS CONTRIBUTION. ANONYMOUS CONTRIBUTIONS OF ANY AMOUNT MAY NOT BE RETAINED BY A COMMITTEE OR PARTY AND MUST BE DONATED TO A CHARITY RECOGNIZED BY THE INTERNAL REVENUE SERVICE WITHIN THIRTY (30) DAYS FROM RECEIPT OF THE DONATION.

Rule 4.6 would be amended as follows:

- 4.6 Contributions AND LOANS by candidate – voluntary spending limits.
- a. Contributions to a candidate's own committee by a candidate who does not accept voluntary spending limits shall not be subject to the contribution limits of Article XXVIII, Section 3.
 - b. Contributions to a candidate's own committee by a candidate who does accept voluntary spending limits shall be counted toward the limit on political party contributions set forth in Article XXVIII, Section 3(3)(d), and Section 4(2).
 - c. NOTWITHSTANDING ARTICLE XXVIII, SECTION 3(11), A CANDIDATE MAY MAKE A LOAN TO HIS OR HER CANDIDATE COMMITTEE. SUCH LOAN SHALL BE AT NO INTEREST. IN ACCORDNCE WITH THE DEFINITION OF "CONTRIBUTION" IN ARTICLE XXVIII, SECTION 2(5), THE AMOUNT OF THE LOAN IS A CONTRIBUTION FROM THE CANDIDATE TO THE COMMITTEE AND THEREFORE SUBJECT TO PARAGRAPH A OR B OF THIS RULE 4.6, BUT THE INTEREST-FREE USE OF SUCH LOAN BY THE COMMITTEE IS NOT A CONTRIBUTION TO THE COMMITTEE.

Rule 4.15 would be amended as follows:

- 4.15 Membership dues transferred to small donor committees, ISSUE COMMITTEES, AND POLITICAL COMMITTEES.
- a. Membership organizations transferring a portion of a member's dues to a small donor committee, ISSUE COMMITTEE, OR POLITICAL COMMITTEE shall provide the ~~small donor~~ RESPECTIVE committee with the member's name, address, amount of dues transferred, and the date of the dues transfer.
 - b. ~~A~~ EACH SMALL DONOR ~~ANY~~ committee, ISSUE COMMITTEE, AND POLITICAL COMMITTEE shall keep records of all contributions received in the form of membership dues transferred by a membership organization to the small donor committee. Such records shall include each contributing member's name, address, and amount of the dues transferred. [C.R.S. 1-45-108(1)(a)(I)]

- c. ~~A~~ EACH small donor COMMITTEE, ISSUE COMMITTEE, AND POLITICAL committee shall itemize and report the name and address of each person who has contributed \$20 or more in a reporting period, including but not limited to contributions received in the form of membership dues transferred by a membership organization to the small donor committee. [Article XVIII, Section 2(14)(a); C.R.S. 1-45-108(1)(a)]
- d. On each disclosure report, the candidate or registered agent of a candidate committee, political party committee, political committee, small donor committee, or issue committee shall certify and declare, under penalty of perjury, that to the best of his or her knowledge or belief all contributions received in a reporting period, including contributions received in the form of membership dues transferred by a membership organization, are from permissible sources. [Article XXVIII, Section 3.]

Emergency Rule 4.16 would be adopted on a permanent basis as follows:

4.16 MULTI-PURPOSE ISSUE COMMITTEES. IN THE CASE OF AN ISSUE COMMITTEE WHOSE PURPOSES ARE NOT LIMITED TO SUPPORTING OR OPPOSING BALLOT ISSUES OR BALLOT QUESTIONS (A “MULTI-PURPOSE ISSUE COMMITTEE”):

- A. SUCH MULTI-PURPOSE ISSUE COMMITTEE SHALL REPORT ONLY THOSE CONTRIBUTIONS ACCEPTED, EXPENDITURES MADE, AND OBLIGATIONS ENTERED INTO FOR THE PURPOSE OF SUPPORTING OR OPPOSING BALLOT ISSUES OR BALLOT QUESTIONS. A MULTI-PURPOSE ISSUE COMMITTEE SHALL NOT BE REQUIRED TO REPORT DONATIONS, MEMBERSHIP DUES, OR ANY OTHER RECEIPTS EXCEPT TO THE EXTENT THEY ARE DESIGNATED OR INTENDED TO BE USED FOR THE PURPOSE OF SUPPORTING OR OPPOSING ONE OR MORE BALLOT ISSUES OR BALLOT QUESTIONS.
- B. CONTRIBUTIONS ACCEPTED FOR THE PURPOSE OF SUPPORTING OR OPPOSING BALLOT ISSUES OR BALLOT QUESTIONS SHALL BE DEPOSITED IN AN ACCOUNT SEPARATE FROM OTHER FUNDS OF THE ISSUE COMMITTEE IN ACCORDANCE WITH ARTICLE XXVIII, SECTION 3(9). IF THE ISSUE COMMITTEE ACCEPTS CONTRIBUTIONS RELATING TO MORE THAN ONE BALLOT ISSUE OR BALLOT QUESTION, SUCH CONTRIBUTIONS MAY BE DEPOSITED IN A SEPARATE ACCOUNT FOR EACH BALLOT ISSUE OR BALLOT QUESTION.
- C. IF A MULTI-PURPOSE ISSUE COMMITTEE RECEIVES GENERAL, NON-EARMARKED DONATIONS, MEMBERSHIP DUES, OR OTHER PAYMENTS, AND LATER CHOOSES TO ALLOCATE SOME OR ALL OF SUCH NON-EARMARKED CONTRIBUTIONS TO SUPPORT OR OPPOSE A BALLOT ISSUE OR BALLOT QUESTION, THEN IT MUST TRANSFER THE FUNDS INTO A SEPARATE CAMPAIGN ACCOUNT MAINTAINED IN ACCORDANCE WITH ARTICLE XXVIII, SECTION 3(9) AND REPORT THE TRANSFER AS A CONTRIBUTION FROM THE COMMITTEE ITSELF.

New Rule 4.17 would be adopted as follows:

4.17 TRANSFER OF VOLUNTARY CONTRIBUTIONS FROM MEMBERS THAT ARE MADE SIMULTANEOUSLY WITH DUES PAYMENTS

- A. WHEN PAYING MEMBERSHIP DUES, MEMBERS SHALL BE PERMITTED TO INCLUDE IN THAT PAYMENT AN ADDITIONAL AMOUNT AS A VOLUNTARY CONTRIBUTION, WHICH THE MEMBERSHIP ORGANIZATIONS WILL THEN FORWARD ON TO AN ISSUE COMMITTEE, SMALL DONOR COMMITTEE, AND/OR POLITICAL COMMITTEE ON BEHALF OF THE INDIVIDUAL MEMBER.
- B. THE SAME REPORTING REQUIREMENTS AS SET FORTH UNDER 4.15(A)-(C) SHALL APPLY TO ANY CONTRIBUTION THAT IS MADE PURSUANT TO THIS SECTION.
- C. THE TRANSFER OF MEMBERSHIP DUES OR VOLUNTARY CONTRIBUTIONS FROM A MEMBERSHIP ORGANIZATION TO AN ISSUE COMMITTEE, SMALL DONOR COMMITTEE, OR POLITICAL COMMITTEE ON BEHALF OF AN INDIVIDUAL MEMBER SHALL BE CONSIDERED A CONTRIBUTION FROM THE MEMBER DIRECTLY TO THE ISSUE COMMITTEE, SMALL DONOR COMMITTEE, OR POLITICAL COMMITTEE.

New Rule 4.18 would be adopted as follows:

- 4.18 UNTIL TERMINATED IN ACCORDANCE WITH THESE RULES, A COMMITTEE SHALL FILE A DISCLOSURE REPORT FOR EVERY REPORTING PERIOD, EVEN IF THE COMMITTEE HAS NO ACTIVITY (EXPENDITURES OR CONTRIBUTIONS) TO REPORT DURING THE REPORTING PERIOD.